



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
BUREAU FOR ASIA AND THE NEAR EAST  
WASHINGTON, D.C. 20523**

**ENVIRONMENTAL THRESHOLD DECISION  
File No: ANE 06-30 Bangladesh ETD SO12 EDGE**

**PROGRAM/ACTIVITY DATA:**

**Country Code-SO:** 388-012  
**SO Name:** Expanded Economic Opportunities Created through Equitable Economic Growth  
**Country or Region:** Bangladesh  
**Activity Name:** Economic Development, Growth with Equity (EDGE), Amendment

**Funding Begin:** 2006                      **Funding End:** 2010                      **LOP Amount:** \$34,300,000  
**Sub-Activity Amount:**

**CE/IEE Prepared by:** Azharul Mazumder, Mission Environmental Officer    **Date:** December 4, 2005  
**IEE Amendment (Y/N):** Y    If "Yes," Number @ Date of Original IEE: ANE 03-59, June 2003

**ENVIRONMENTAL ACTION RECOMMENDED:** (Place X where applicable)

Categorical Exclusion:	<input checked="" type="checkbox"/>	Deferral:	<input checked="" type="checkbox"/>
Positive Determination:	<input type="checkbox"/>	Negative Determination:	<input type="checkbox"/>
With Conditions:	<input type="checkbox"/>	Exemption:	<input type="checkbox"/>

**SUMMARY OF FINDINGS**

In 2003, USAID signed a Strategic Objective Grant Agreement (SOAG) with the Government of Bangladesh (GOB) to promote "Competitive Export Development" under SO5, Growth of Agribusiness and Small Business. The original IEE was approved in June 2003 at funding level of \$13 million over a five-year period. The activity design for its Competitive Export Development activity has since undergone iterations in response to the overall business and commercial environment and to shifts in USAID/Bangladesh's strategic and management focus. Under the Mission's new Country Strategy (2006-2007), SO5 is now incorporated under SO12. The Mission proposes a new activity called Economic Development, Growth with Equity (EDGE) that builds on USAID's expertise in private sector development (including agribusiness). The Mission proposes to obligate \$34.3 million in Development Assistance (DA) funds to the EDGE activity during a five-year period beginning in 2006. Changes in the funding level and scope of work necessitate an amendment to the existing IEE.

The EDGE activity will contribute to Bangladesh's efforts to combat poverty in its Poverty Reduction Strategy Paper (PRSP), as well SO12's performance goals by strengthening select sub-sectors and addressing inequalities that adversely affect the poor. Sub-sector development requires changes in the way enterprises cooperate with each other, invest in their workforce, influence government policies, and compete in the global market. A growth-orientated approach to poverty reduction does not automatically

ensure an equal distribution of economic benefits; intended beneficiaries can end up poorer if a development intervention overlooks equity. Within the EDGE activity, there is a component that will monitor and evaluate progress so that pro-poor growth measures are adopted within each sub-sector.

The EDGE activity consists of two, interrelated components: 1) Poverty Reduction by Increasing the Competitiveness of Enterprises (PRICE); and 2) Policy Analysis, Monitoring and Assessment (PAMA). Component 1 will be the principal mechanism by which technical assistance will be provided to the private sector. Component 2 will focus on monitoring the impact of the PRICE upon poverty reduction, employment generation, and other performance indicators. Data and recommendations from PAMA will help inform the GOB's policy reform and activity formulation.

Component 1 anticipates intervention in at least six to-be-determined business sub-sectors and qualifies for **Deferral** per 22 CFR 216.3 (a) (7)(iv). IEEs for activities under Component 1 will be developed once the sub-sectors and specific interventions are identified. Component 2 will identify, analyze, set milestone goals to record progress, and train stakeholders to facilitate reforms, and is expected to have no adverse impact on the natural environment. Per 22 CFR 216.2(c)(1)(i), Component 2 qualifies for **Categorical Exclusion** as "the action does not have an effect on the natural or physical environment."

**APPROVAL OF RECOMMENDED ENVIRONMENTAL ACTIONS:**  
**CLEARANCE:**

Mission Director: \_\_\_\_\_ (signed) \_\_\_\_\_ December 7, 2005  
Gene V. George Date

Deputy Mission Director: \_\_\_\_\_ (signed) \_\_\_\_\_ December 7, 2005  
Beth S. Paige Date

Chief, Office of  
Economic Growth, Food and Environment \_\_\_\_\_ (signed) \_\_\_\_\_ December 4, 2005  
Anne Williams Date

Mission Environmental Officer \_\_\_\_\_ (signed) \_\_\_\_\_ December 4, 2005  
Azharul Mazumder Date

**CONCURRENCE:**  
Bureau Environmental  
Officer

*John O. Wilson for J. Wilson*  
John O. Wilson Date: 12/8/05  
Approved: ☒  
Disapproved: ☐

File No: ANE 06-30 Bangladesh ETD SO12 EDGE

**DISTRIBUTION:**

Mission Environmental Officer  
IEE File

ANE 06-30 Bangladesh ETD SO12 EDGE

ANE 06-30 Bangladesh IEE SO12

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

~~BUREAU FOR ASIA AND THE NEAR EAST~~

~~WASHINGTON, D.C. 20523~~

**BANGLADESH**

EDGE

Request for  
INITIAL ENVIRONMENTAL EXAMINATION (IEE)  
Or  
CATEGORICAL EXCLUSION

PROGRAM/ ACTIVITY DATA:

Program/Activity No: Strategic Objective 12 "Expanded economic opportunities created through equitable economic growth"

Country/ Region: Bangladesh

Program/Activity Title: Economic Development, Growth with Equity (EDGE)

Funding Begin: 2006 Funding End: 2010 Amount: \$34.3 million

IEE Prepared by: *Azharul Mazumder* Azharul Mazumder, MEO Date: December 4, 2005

IEE Amendment (Y/N): No

**Y ANE 03-59 June 2003**

ENVIRONMENTAL ACTION RECOMMENDED: (Please X where applicable)

Categorical Exclusion:

☒

Negative Determination:

☐

Negative Determination with Conditions:

☐

Positive Determination:

☐

Deferral:

☒

**SUMMARY FINDINGS**

In 2003, USAID signed a Strategic Objective Grant Agreement (SOAG) with the Government of Bangladesh (GOB) to promote "Competitive Export Development" under SO5 - Growth of Agribusiness and Small Business. The IEE for the activities (Competitive Export Development Project (CED), Information and Communication Technologies (ICT), and Special Activities and

Human Capacity Development) under the SOAG was approved in June 2003 for a funding level of \$13 million over a five-year period. Since the approval of the IEE, the activity design for the Competitive Export Development has undergone several iterations in response to the changes in ground realities related to the overall business and commercial environment of the country as well as shifts in USAID/Bangladesh's strategic and management focus. Under the Mission's new Country Strategy (2006-2007), SO5 (Enterprise Development) is now incorporated under SO12. The Mission proposes a new activity called Economic Development, Growth with Equity (EDGE) that builds on USAID's expertise in private sector development (including *million* agribusiness) in Bangladesh. The Mission proposes to obligate \$34.3 in Development Assistance (DA) funds to the EDGE activity during a five-year period beginning in 2006. Changes in the funding level and scope of work necessitate an amendment to the existing IEE.

The EDGE activity will contribute to Bangladesh's efforts to combat poverty as expressed in its Poverty Reduction Strategy Paper (PRSP), as well SO 12's performance goals by strengthening select sub-sectors and addressing inequalities that adversely affect the poor. Sub-sector development requires wholesale changes in the way enterprises cooperate with each other, invest in their workforce, influence government policies and compete in the global market. USAID recognizes that a growth-orientated approach to poverty reduction does not automatically ensure an equal distribution of economic benefits. Ironically, intended beneficiaries can end up poorer if a development intervention overlooks equity issues. Within the EDGE activity, there is a component that will continuously monitor and evaluate progress so that pro-poor growth measures are adopted within each assisted sub-sector.

The EDGE activity consists of two, interrelated components; namely:

1. Poverty Reduction by Increasing the Competitiveness of Enterprises (PRICE);
2. Policy Analysis, Monitoring and Assessment (PAMA);

## 1. Poverty Reduction by Increasing Competitiveness of Enterprises (PRICE)

The PRICE component will be the principal mechanism by which technical assistance will be provided to the private sector. The PRICE component will work with various enterprises within a minimum of six sub-sectors to increase access to new, profitable markets, leverage financing, improve workforce skills, expand the presence of embedded business development services, encourage applied research and development and increase the use of ICT as a productivity-enhancing tool. Geographic Information Systems (GIS) will be used for several purposes including tracking enterprise clusters and identifying gaps within market coverage. Public-private sector partnerships will be encouraged to create alliances that help sustain PRICE's interventions. The PRICE implementer will collaborate with commodity-focused groups (e.g. maize association) and other business support organizations (e.g. Dhaka Chamber of Commerce and Industry, Women's Chamber of Commerce) to promote inter-firm cooperation and strengthen advocacy and management skills.

Workforce development is a crucial factor within any sector. Bangladesh relies on low-paid, underskilled workers as its primary advantage in the world market; however, a competitive strategy cannot be based on a race to the bottom of the labor pyramid. Interventions under the PRICE component will be aimed at encouraging companies to invest in the skill development of their workers. Assistance will be provided for short and long-term training in several

strategically important areas including: agribusiness management, supply chain management and ICT.

## **2. Policy Analysis, Monitoring and Assessment (PAMA)**

The PAMA component will focus on monitoring the impact of the PRICE component interventions upon poverty reduction, employment generation, and other performance indicators. Data and recommendations from the PAMA component will help inform the GOB's efforts in policy reform and activity formulation. The PAMA implementer will collaborate with the GOB's Poverty Focus Point within the Planning Commission's General Economics Division (GED). The Poverty Focus Point is charged with tracking the implementation of anti-poverty policies and programs. The PAMA implementer(s) will be tasked to:

- monitor and assess performance indicators under the PRICE activity which contribute to pro-poor economic growth, monitor performance of other donor-assisted or GOB economic growth programs, devise robust analytical tools for socio-economic impact assessments, serve as a knowledge clearinghouse on economic growth-poverty reduction research.

### **Outcomes to be achieved**

The EDGE activity's expected outputs, as implemented through the two components, include:

- Increase growth of MSME sector,
- Increase growth of non-textile commercial sub-sectors,
- 3. Increase pro-poor economic opportunities,
- Improve skills of workforce,
- Expand database to support GOB strategic planning and policies,
- 6. Improve analytical capacity of policy makers.

## **ENVIRONMENTAL IMPACT POTENTIAL AND RECOMMENDED THRESHOLD DECISIONS**

### **1. Poverty Reduction by Increasing Competitiveness of Enterprises (PRICE)**

The PRICE component of the EDGE activity anticipates intervention in a minimum of six business sub-sectors. The PRICE component was, therefore, recommended for deferral pursuant to 22 CFR 216.3 (a) (7)(IV). The IEEs for specific activities designed under the PRICE component will be developed once the sub-sectors and specific interventions are identified. Since the PRICE implementer will work with a minimum of six sub-sectors, it is anticipated that some or all of the sub-sectors will have some environmental issues that will have to be dealt with throughout the implementation. This will necessitate that the PRICE implementer develop an Environmental Management Plan (EMP). To address this matter, EGFE-ED will:

note in the solicitation that the bidder must develop appropriate environmental management plans (EMP) for each business sector to be supported. Ideally, each sub-

sector should have a separate EMP, which will contain activity screening, compliance and effective monitoring aspects. However, if all the sub-sectors can be identified at the outset, an umbrella EMP may suffice. The EMP(s) will include appropriate assessment instruments and methods. The PRICE cognizant technical officer (CTO) will work with the MEO to ensure that sub-sector interventions are not begun until the respective EMP has been approved.

2. instruct potential offerors to budget for the development and implementation of EMPs.

## **2. Policy Analysis, Monitoring and Assessment (PAMA)**

The Policy Analysis, Monitoring and Assessment (PAMA) unit will be involved in identifying, analyzing, setting milestone goals to record progress, and training stakeholders to facilitate reforms. Training programs will be organized to strengthen the advocacy and management skills of institutions to help bring about changes that benefit the consumer and help companies become more profitable by better understanding the domestic market. Also, PAMA will use e-governance as a tool for policy/regulatory reform and institutional capacity building aiming at greater efficiency and higher standards of service delivery, transparency, and accountability, which in turn promote economic growth. Finally, PAMA and PRICE will include outreach interventions in order to constructively engage influential community leaders in the policy dialogue process. The activities under the PAMA component will be for the provision of technical assistance and, therefore, are expected to have no negative impact on physical or natural environment. Pursuant to the provisions of 22 CFR 216.2(c)(1)(i), the Policy Analysis, Monitoring and Assessment (PAMA) component is therefore eligible and recommended for **Categorical Exclusion**.

## APPROVAL OF RECOMMENDED ENVIRONMENTAL ACTIONS:

### CLEARANCE:

EGFE/ED: (Draft) Date: 09/06/05  
**McDonald Homer**

EGFE Chief: Anne Williams Date: 12/4/07  
**Anne Williams**

Deputy Mission Director: BSPaige Date: 12/7/05  
**Beth Paige**

Mission Director: Gene V. George Date: 7 DEC 2005  
**Gene V. George**

CONCURRENCE:  
Bureau Environmental Officer: John O. Wilson for Date: 12/8/05  
**John O. Wilson**

Approved:

Disapproved:

X

*ANE 06-30 Bangladesh draft final IEE*  
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT *SO12*  
BUREAU FOR ASIA AND THE NEAR EAST *EDGE*  
BANGLADESH

Request for  
INITIAL ENVIRONMENTAL EXAMINATION (IEE)  
Or  
CATEGORICAL EXCLUSION

PROGRAM/ ACTIVITY DATA:

Program/Activity No                      Strategic Objective 12 "Expanded economic opportunities  
*388-012*                                      created through equitable economic growth"

Country/ Region                              Bangladesh

Program/Activity Title                      Economic Development, Growth with Equity (EDGE)

Funding Begin                      2006    Funding End: 2010    Amount: \$34.3 million

IEE Prepared by:                      Azharul Mazumder, MEO                      Date: December 4, 2005

IEE Amendment (Y/N): *No* *Y ANE 03-59 June 2003*

ENVIRONMENTAL ACTION RECOMMENDED: (Please X where applicable)

Categorical Exclusion:	<input checked="" type="checkbox"/>	Negative Determination:	<input type="checkbox"/>
Negative Determination with Conditions	<input type="checkbox"/>		
Positive Determination	<input type="checkbox"/>	Deferral	<input checked="" type="checkbox"/>

**SUMMARY FINDINGS**

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2. Policy Analysis, Monitoring and Assessment (PAMA);

## **1. Poverty Reduction by Increasing Competitiveness of Enterprises (PRICE)**

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strategically important areas including: agribusiness management, supply chain management and ICT.

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- monitor and assess performance indicators under the PRICE activity which contribute to pro-poor economic growth,
- monitor performance of other donor-assisted or GOB economic growth programs,
- devise robust analytical tools for socio-economic impact assessments,
- serve as a knowledge clearinghouse on economic growth-poverty reduction research.

### **Outcomes to be achieved**

The EDGE activity's expected outputs, as implemented through the two components, include:

- Increase growth of the micro, small, and medium enterprises (MSME) sector,
- 2. Increase growth of non-textile commercial sub-sectors,
- 3. Increase pro-poor economic opportunities,
- 4. Improve skills of workforce,
- 5. Expand database to support GOB strategic planning and policies,
- 6. Improve analytical capacity of policy makers.

## **ENVIRONMENTAL IMPACT POTENTIAL AND RECOMMENDED THRESHOLD DECISIONS**

### **1. Poverty Reduction by Increasing Competitiveness of Enterprises (PRICE)**

The PRICE component of the EDGE activity anticipates intervention in a minimum of six business sub-sectors. The PRICE component was, therefore, recommended for deferral pursuant to 22 CFR 216.3 (a) (7)(IV). The IEEs for specific activities designed under the PRICE component will be developed once the sub-sectors and specific interventions are identified. Since the PRICE implementer will work with a minimum of six sub-sectors, it is anticipated that some or all of the sub-sectors will have some environmental issues that will have to be dealt with throughout the implementation. This will necessitate that the PRICE implementer develop an Environmental Management Plan (EMP). To address this matter, the Office of Economic Growth, Food and Environment-Education (EGFE-ED) will:

1. note in the solicitation that the bidder must develop appropriate environmental management plans (EMP) for each business sector to be supported. Ideally, each sub-sector should have a separate EMP, which will contain activity screening, compliance and effective monitoring aspects. However, if all the sub-sectors can be identified at the outset, an umbrella EMP may suffice. The EMP(s) will include appropriate assessment instruments and methods. The PRICE cognizant technical officer (CTO) will work with the MEO to ensure that sub-sector interventions are not begun until the respective EMP has been approved.
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## APPROVAL OF RECOMMENDED ENVIRONMENTAL ACTIONS:

### CLEARANCE:

EGFE/ED: \_\_\_\_\_ (Draft) \_\_\_\_\_ Date: 09/06/05  
**McDonald Homer**

EGFE Chief: \_\_\_\_\_ Date: \_\_\_\_\_  
**Anne Williams**

Deputy Mission Director: \_\_\_\_\_ Date: \_\_\_\_\_  
**Beth Paige**

Mission Director: \_\_\_\_\_ Date: \_\_\_\_\_  
**Gene V. George**

### CONCURRENCE:

Bureau Environmental Officer: \_\_\_\_\_ Date: \_\_\_\_\_  
**John O. Wilson**

Approved:  
Disapproved:
